

# VARIAN MEDICAL SYSTEMS, INC.

## COMPENSATION AND MANAGEMENT DEVELOPMENT COMMITTEE CHARTER

(Amended as of August 17, 2018)

The Board of Directors (the “**Board**”) of Varian Medical Systems, Inc. (the “**Corporation**”) has adopted this charter (the “**Charter**”) for its Compensation and Management Development Committee (the “**Committee**”).

### PURPOSE

The purpose of the Committee is to discharge the Board’s responsibilities relating to compensation of the Company’s executive officers (“**Executive Officers**”), as defined under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and to provide advice on management matters that have major implications to the development of the Corporation.

### MEMBERSHIP AND ORGANIZATION

**Number and Qualifications.** The Committee shall be comprised of three or more members of the Board. Each member of the Committee shall qualify as (a) a non-employee director under Rule 16b-3 of the Exchange Act, (b) an outside director for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “**Code**”) to the extent required thereunder to preserve deductibility of executive compensation, and (c) be affirmatively determined by the Board to be an “independent” director under the rules of the New York Stock Exchange (“**NYSE**”). The Board must also affirmatively determine that the member has no relationship to the Corporation which is material to that director’s ability to be independent from management in connection with the duties of a Committee member after considering all specifically relevant factors, including but not limited to (1) the source of compensation of such director including any consulting, advisory or other compensatory fee paid by the Corporation to such director, and (2) whether the director is affiliated with the Corporation or a subsidiary thereof or an affiliate of a subsidiary.

**Appointment and Removal.** The members of the Committee shall be appointed upon recommendation of the Nominating and Corporate Governance Committee by a majority vote of the independent directors of the Board and shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. The Board may remove a member of the Committee by a majority vote of the independent directors of the Board at any time with or without cause.

**Chairperson.** Unless a Chairperson is elected by a majority vote of the independent directors of the Board, the members of the Committee shall designate a Chairperson by majority vote of the full Committee membership. The Chairperson shall

be entitled to cast a vote to resolve any ties. The Chairperson will chair all regular sessions of the Committee and set the agendas for Committee meetings.

**Delegation.** The Committee, in its sole discretion and on such terms and conditions as comply with applicable law, may delegate all or any part of its authority and powers to a committee of one or more directors and/or to officers of the Corporation; provided, however, that the Committee may not delegate its authority and powers (a) with respect to Executive Officers, (b) in any way which would jeopardize any Corporation equity plan's qualification under Rule 16b-3, or (c) with respect to awards which are intended to qualify as performance-based compensation under Section 162(m) of the Code.

## **FUNCTION AND RESPONSIBILITIES**

The Committee shall have the following responsibilities:

### **1. General Compensation Philosophy**

The Committee shall be responsible for setting the Corporation's philosophy and general policy regarding executive compensation and for reviewing on a periodic basis the compensation provided to the Corporation's Chief Executive Officer and Executive Officers.

### **2. Program Design**

The Committee shall be responsible for overseeing the design of and administration of all executive compensation and employee benefit plans and programs. In addition, the Committee shall be responsible for making recommendations to the Board with respect to the adoption, amendment or termination of (1) company-wide bonus, compensation, profit sharing and incentive compensation plans, and (2) stock-related plans. The Committee shall also have the authority to adopt, amend and terminate all other plans and programs unless approval by the Board or shareholders is required by this Charter or by law.

When appropriate, the Committee may review the operation of the Corporation's executive compensation programs and employee benefit plans to determine whether they are properly coordinated and achieving their intended purposes, and recommend or make changes as the Committee deems appropriate. The Committee shall also establish and periodically review policies for the administration of such plans and programs.

### **3. The CEO and Executive Compensation**

As part of its review and establishment of the performance criteria and compensation of the Chief Executive Officer (the "CEO") and other executive officers, the Committee shall meet separately at least on an annual basis with the CEO, and any other corporate officers, as it deems appropriate. However, the Committee in its discretion shall meet without such officers present, and

in all cases such officers shall not be present at meetings at which their performance and compensation are being discussed and determined.

- a. The CEO Compensation. The Committee shall be responsible for annually reviewing and approving corporate goals and objectives relevant to the CEO's compensation, developing the process for evaluating the CEO's performance, evaluating the CEO's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by the Board), determining and approving the CEO's compensation level based on this evaluation.
- b. Compensation of Other Executives. The Committee shall have the sole authority for reviewing and approving the compensation (including base salary, bonus, equity-based grants, and all other compensation and benefit arrangements, including any and all employment agreements, change-in-control agreements, perquisites, retirement and deferred compensation programs for (1) the Corporation's Executive Officers, (2) all other corporate officers ("**Corporate Officers**"), and (3) other senior management members as the Committee deems appropriate ("**Executives**").
- c. Process for Determining Executive Compensation. In determining compensation for the CEO and Executives subject to its direct purview, the Committee shall consider, among other factors: the Corporation's overall performance, shareholder return, the performance of the Corporation's business segments, the achievement of specific corporate goals and objectives that the Committee established, the achievement any specific individual goals that have been assigned, individual performance on job duties, compensation previously provided, compensation of Executives of the Corporation, employment agreement terms, and competitive compensation levels. In addition, the Committee shall confer with the independent directors of the Board and consider views expressed by stockholders on executive compensation matters, including results of stockholder advisory votes on executive compensation.
- d. Peer group. The Committee shall be responsible for establishing and reviewing not less than annually the Corporation's comparator/peer group for use in assessing the competitive range of compensation provided to individuals in similar positions at comparable companies.
- e. Grant of Equity Awards. The Committee shall review and approve (or make recommendations to the full Board for approval if required by applicable law or designated by the Board) awards of equity in the form and on the terms determined by the Committee as the Corporation's equity-based plans may from time to time permit. The Committee shall

review and make a recommendation to the Board for approval of equity awards granted to members of the Board.

- f. Employment Agreements. The Committee shall be responsible for reviewing and approving employment agreements, offers of employment and severance/separation arrangements with Executive Officers, Corporate Officers and Executives, including change-in-control and similar arrangements. Approval shall include provisions that relate to accelerated vesting or other modification of stock options, restricted stock or other stock-related awards. The Committee shall also be responsible for amending or terminating such arrangements as it determines to be appropriate.
- g. Other Policies. The Committee shall be responsible for reviewing on a periodic basis and approving (or, if required by law, recommend to the full Board for approval), any compensation policies covering the CEO, Executive Officers, Corporate Officers, Executives and/or non-employee directors, including a clawback/recoupment policy, executive stock ownership guidelines and compliance, and other policies that from time to time the Committee determines to be appropriate for the Corporation. The Committee shall also annually monitor compliance with the terms of any such policies or guidelines.

#### **4. Other Responsibilities and Authority**

- a. Succession Planning. The Committee shall be responsible for ensuring that reviews of plans for succession of the CEO and other Executive Officers and Corporate Officers occur at the Committee or the Board level at least annually.
- b. Compensation Disclosure. The Committee will exercise oversight of the Corporation's disclosures regarding executive compensation, including reviewing and discussing with management the Corporation's proposed disclosures under the "Compensation Discussion and Analysis" required by Regulation S-K under the Exchange Act and recommending to the Board whether such Compensation Discussion and Analysis should be included in the Corporation's proxy statement and Annual Report on Form 10-K, including preparing annually, and in accordance with Regulation S-K, the Compensation Committee report required under the Exchange Act rules.
- c. Regulatory Oversight. The Committee shall have the authority to oversee the Corporation's response to regulatory developments affecting compensation, including making recommendations to the Board regarding the Corporation's responses to stockholder proposals related to compensation matters. The Committee shall also be responsible for making recommendations to the Board regarding the Corporation's other

proposals relating to executive compensation for inclusion in the Corporation's annual proxy statement.

- d. Stockholder Advisory Vote on Compensation. The Committee shall be responsible for recommending to the Board the frequency of submitting to the stockholders an advisory vote on the compensation of the named executive officers, as defined by the rules and regulations of the Securities and Exchange Commission (the "**SEC**") and shall take into account the results of the most recent stockholder advisory vote on frequency of advisory votes on executive compensation required by Section 14A of the Exchange Act, and review and approve the proposals regarding the advisory vote on executive compensation and the frequency of the advisory vote on executive compensation to be included in the Corporation's proxy statement.
- e. Risk Assessment. The Committee shall be responsible for assessing, at least annually, the risks associated with the Corporation's compensation policies and practices, and reporting to the Board and the Audit Committee whether the Corporation's compensation policies and practices create risks that are reasonably likely to have a material adverse effect on the Corporation.

**5. General Advice to the Board**

On its own initiative or when requested by the Board, the Committee shall review management and compensation matters having major implications to the long-range development of the Corporation.

**6. Advice to Chairman and CEO**

On its own initiative or when requested, the Committee shall provide advice and counsel to the Chairman and CEO on management, personnel and compensation matters affecting the strength and effectiveness of the Corporation as a whole.

**7. Board Compensation**

The Committee shall review the form and amount of compensation paid to directors for service on the Board and its committees and recommend such compensation to the Board for the Board's approval.

**Committee Operations**

**Meeting Schedule.** The Committee shall meet as often as it deems necessary to discharge its functions but not less than two times per fiscal year. The Committee may also hold additional meetings at the direction of the Committee Chairperson or at the request of any other Committee member. The Committee may meet in person or by telephone conference call, and may act by unanimous written consent.

**Attendance at Meetings.** Members of management, other members of the Board and such other persons as the Committee deems appropriate to carry out its responsibilities may be invited to attend Committee meetings at the discretion of the Committee Chairperson but only members of the Committee may vote at such meetings.

**Minutes.** The Committee shall have a secretary, who need not be a member of the Committee, to maintain a record of Committee actions and prepare meeting minutes for approval by the Committee.

**Quorum and Voting.** A majority of the Committee members shall constitute a quorum. Each Committee member shall have one vote and actions at meetings may be approved by a majority of the members present.

**Reporting to the Board.** The Committee shall report regularly to the Board following meetings of the Committee with respect to such matters as are relevant to the Committee's discharge of its responsibilities, including such recommendations as the Committee may deem appropriate. Any report to the Board may take the form of an oral report by the Chairperson or any other member of the Committee designated by the Chairperson to make such report.

**Committee Resources and Advisors.** The Committee shall have the authority, in its sole discretion, to retain or obtain the advice of any outside legal, compensation or other advisors (each, a "**Compensation Advisor**") as it deems necessary or appropriate to assist it in the full performance of its functions, including to assist the Committee in the evaluation of director, the CEO, Executive Officer, Corporate Officer or executive compensation. The Committee shall be directly responsible for the appointment, material terms of all arrangements with the Corporation (including with an affiliate of the Compensation Advisor), compensation, and oversight of the work of any Compensation Advisor retained by the Committee. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any Compensation Advisor retained by the Committee. Before selecting a Compensation Advisor, the Committee shall consider such factors as may be required by the listing standards of NYSE or applicable rules of the SEC with respect to the independence of the Compensation Advisor. The Committee shall also evaluate whether any Compensation Advisor retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K.

**Committee Performance Review and Charter Evaluation.** The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including the compliance of the Committee with this Charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements that the Committee considers necessary or advisable.